

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2015**

***TRENTON STEM-TO-CIVICS CHARTER SCHOOL***

***Trenton STEM-to-Civics Charter School  
Board of Trustees  
Ewing Township, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2015***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

***Prepared by***  
***Trenton STEM-to-Civics Charter School***  
***Finance Department***

***And***  
***Barre & Company, CPAs***

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***INTRODUCTORY SECTION***



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Ewing, NJ 08618

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[www.STEMCivics.org](http://www.STEMCivics.org)

*Office of the Head of School*

November 25, 2015

Honorable President and  
Members of the Board of Trustees  
Trenton STEM-to-Civics Charter School  
Ewing Township, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Trenton STEM-to-Civics Charter School (Charter School) for the fiscal year ended June 30, 2015. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of Trenton with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the New Jersey State Office of Management and Budget (OMB) Circulars 04-04 and 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

### **Charter School Organization**

The Board of Trustees is comprised of five members: all are voting members and are elected to oversee that the charter school operates in compliance with statute and administrative code. Voting members of the Board serve as the official governing body of the school charged with policy making, fiscal oversight, and accountability for student academic achievement results of the charter school. Voting members adopt the annual budget and directly approve all expenditures which serve as the basis for control for the authorization of all expenditures of charter school tax money which in turn support the school’s business to promote academic achievement. Non-voting members include the school’s Head of School and School Business Administrator/Board Secretary.

The Head of School of the charter school is responsible to the board for the implementation and administration of all educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the charter school and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the charter school, acting as custodian of all charter school funds, and investing idle funds as permitted by New Jersey Law.

**REPORTING ENTITY AND ITS SERVICES:** The Trenton STEM-to-Civics Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

The Trenton STEM-to-Civics Charter School provides a full range of educational services appropriate to grade 9. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2014-2015 school year with an enrollment of 100 students. In year two, the charter school will be adding 100 students to grade 9 with the current students moving onto Grade 10 for a total of 200 students. The school will continue to increase by 100 students until the capacity of 400 students is reached in 2017 for grades 9 through 12.

1. **MAJOR INITIATIVES:** Major initiatives for the 2014-2015 school year centered on activities associated with the continued implementation of the charter school's program and the challenges of the school's growth expansion for year two of operation. Specifically, the following were areas of focus for operational activity:

- fiscal controls/compliance and financial stability
- increasing student enrollment
- expanding staff to accommodate program growth and student needs
- building competency in staff to perform required deliverables
- providing systemic professional development for staff
- institutionalizing the school's discipline and academic culture
- promoting student achievement outcomes/improving program design.

2. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

3. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

4. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statement” Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

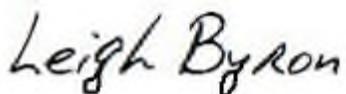
5. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

6. **OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “*Audits of State, Local Governments and Non-Profit Organization*” and State Treasury Circular Letters 04-04 and 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*” The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

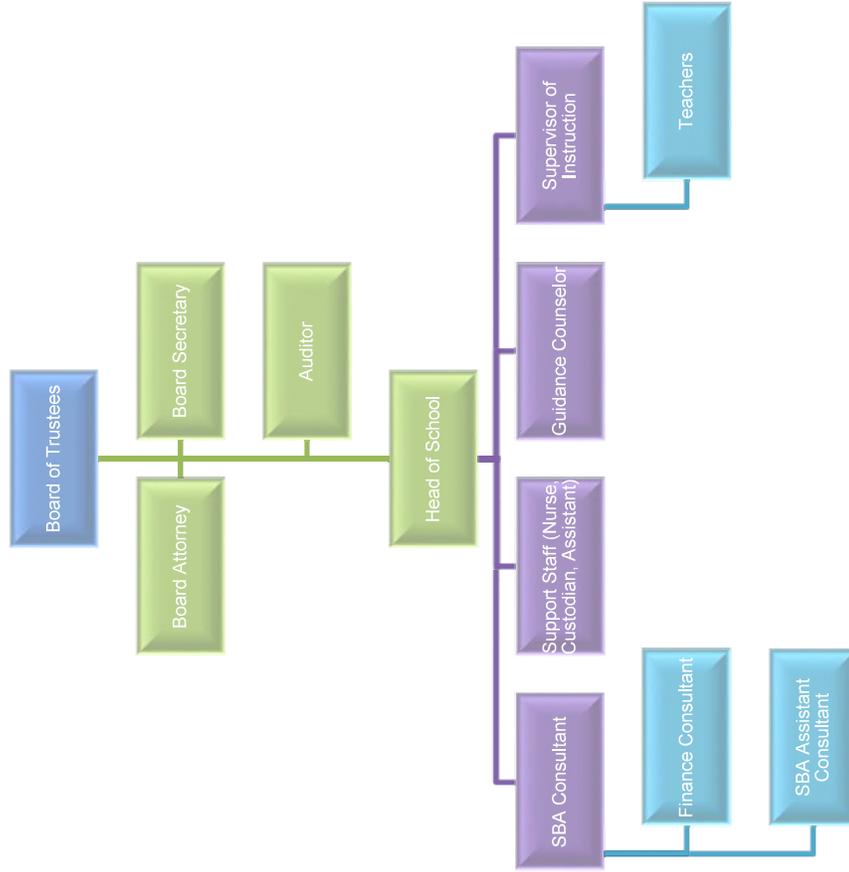
7. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Trenton STEM-to-Civics Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of Trenton and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



Leigh Byron, Ed.D.  
Founder

# STEMCivics



**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

**MEMBERS OF THE BOARD OF TRUSTEES**

Patty Schorr, Board Chair

Tina Kramer, Vice Chair

Amanda Byard, Member

Kevin Demmo, Member

Margaret Herrmann, Member

**OTHER OFFICIALS**

John Snuffin, Board Secretary/Business Administrator

Leigh Byron, Lead Executive Officer

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company  
Certified Public Accountants  
2204 Morris Avenue, Suite 206  
Union, New Jersey 07083

***Official Depository***

Bank of America  
Mercer Mall  
3371 US Highway 1  
Lawrenceville, NJ 08648

***FINANCIAL SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

*2204 Morris Avenue, Suite 206*

*Union, New Jersey 07083*

*908.686.3484*

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**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Trenton STEM-to-Civics Charter School  
County of Mercer  
Ewing Township, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trenton STEM-to-Civics Charter School (Charter School), in the County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

The Charter School's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trenton STEM-to-Civics Charter School, in the County of Mercer, State of New Jersey, as of June 30, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 14 and 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual

nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey**

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 25, 2015 on our consideration of the Trenton STEM-to-Civics Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

November 25, 2015

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of Trenton STEM-to-Civics Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A. However, since this is the first year of the Charter School, no prior year information is available, and will be presented when available.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$2,037,295 in revenue or 97% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$60,603 or 3% percent of total revenues of \$2,097,898.
- ❖ The Charter School had \$1,726,075 in expenses; only \$60,603 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$2,037,295 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,722,481 in revenues and \$1,353,507 in expenditures.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Trenton STEM-to-Civics Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Trenton STEM-to-Civics Charter School, the General Fund is by far the most significant fund.

**Reporting the Charter School as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in those position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Statement of Net Position and the Statement of Activities (Continued)**

- ❖ Business-Type Activities — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund, and Special Revenue Fund.

**Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 36 of this report.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**The Charter School as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net position were \$371,823.

**Governmental Activities**

The Charter School's total revenues were \$2,059,864 for the year ended June 30, 2015. Federal, state, and local grants and state aid accounted for 91% of revenues which includes \$46,959 for 2015 of state reimbursed social security contributions.

The total cost of all program and services was for 2015. Instruction comprises for 2015 of Charter School expenses.

**Business-Type Activities**

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenses by \$2,849 in 2015.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced breakfast and lunches were \$30,083 for 2015.

**Governmental Activities**

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school instructional and or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,059,864 for 2015 and expenditures were \$1,690,890 for 2015. The net change in fund balance was most significant in the general fund, an increase of \$368,974 for 2015.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Sources	\$ 192,063	9.32%
State Sources	1,530,418	74.30%
Federal Sources	<u>337,383</u>	<u>16.38%</u>
Total	<u><u>\$ 2,059,864</u></u>	<u><u>100.00%</u></u>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Instruction	\$ 374,889	22.17%
Administration	857,415	50.71%
Support Services	403,281	23.85%
Capital Outlay	<u>55,305</u>	<u>3.27%</u>
Total	<u>\$ 1,690,890</u>	<u>100.00%</u>

**General Fund Budgeting Highlights**

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

- ♣ Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets (Net of Depreciation)**

At the end of fiscal year 2015, the Charter School had no capital assets invested in equipment and building improvements.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL  
EWING TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(CONTINUED)**

**For the Future**

The Trenton STEM-to-Civics Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, the Trenton STEM-to-Civics Charter School has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Leigh Byron, Founder, at Trenton STEM-to-Civics Charter School, 1555 Pennington Road, Ewing Township, New Jersey 08618.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS**

*The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.*

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2015  
*(Initial Year)*

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents:			
Unrestricted	\$ 267,083	\$ 3,036	\$ 270,119
Restricted	6,148		6,148
Interfund Receivables	92,094		92,094
Receivables	63,581	6,588	70,169
	<u>428,906</u>	<u>9,624</u>	<u>438,530</u>
<b>LIABILITIES:</b>			
Interfund Payable	40,349	3,036	43,385
Payable to District	14,236		14,236
Accounts Payable	5,347	3,739	9,086
	<u>59,932</u>	<u>6,775</u>	<u>66,707</u>
<b>NET POSITION:</b>			
Unrestricted	<u>368,974</u>	<u>2,849</u>	<u>371,823</u>
	<u>\$ 368,974</u>	<u>\$ 2,849</u>	<u>\$ 371,823</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Statement of Activities  
For The Fiscal Year Ended June 30, 2015  
(Initial Year)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 374,889	\$ 76,497	\$ -	\$ 30,520	\$ -	\$ (420,866)	\$ -	\$ (420,866)
Administration	581,160	199,758				(780,918)		(780,918)
Support Services	403,281					(403,281)		(403,281)
Capital Outlay	55,305					(55,305)		(55,305)
Total Governmental Activities	1,414,635	\$ 276,255	\$ -	\$ 30,520	\$ -	(1,660,370)	\$ -	(1,660,370)
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	35,185			30,083			(5,102)	(5,102)
Total Business-Type Activities	35,185			30,083			(5,102)	(5,102)
Total Primary Government	\$ 1,449,820		\$ -	\$ 60,603	\$ -	\$ (1,660,370)	\$ (5,102)	\$ (1,665,472)
<b>GENERAL REVENUES</b>								
General Purposes			\$	167,131	\$	-	\$	167,131
Federal and State Aid Not Restricted				1,837,281				1,837,281
Miscellaneous Income				24,932			7,951	32,883
Total General Revenues				2,029,344			7,951	2,037,295
Change in Net Position				368,974			2,849	371,823
Net Position - Beginning				-			-	-
Net Position - Ending			\$	368,974	\$	2,849	\$	371,823

**SECTION B – FUND FINANCIAL STATEMENTS**

*The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.*

***GOVERNMENTAL FUNDS***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Governmental Funds

Balance Sheet

June 30, 2015

(Initial Year)

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents:			
Unrestricted	\$ 267,083	\$ -	\$ 267,083
Restricted	6,148		6,148
Interfund Receivables	92,094		92,094
Receivables From Other Governments	23,232	40,349	63,581
Total Assets	\$ 388,557	\$ 40,349	\$ 428,906
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Interfund Payables	\$ -	\$ 40,349	\$ 40,349
Payable to District	14,236		14,236
Accounts Payable	5,347		5,347
Total Liabilities	19,583	40,349	59,932
Fund Balances:			
Unassigned:			
General Fund	368,974		368,974
Total Fund Balances	368,974	-	368,974
Total Liabilities and Fund Balances	\$ 388,557	\$ 40,349	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) which are different			-
Net Position of Governmental Activities			\$ 368,974

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 167,131	\$ -	\$ 167,131
Miscellaneous	24,932		24,932
Total Local Sources	192,063	-	192,063
State Sources	1,530,418		1,530,418
Federal Sources		337,383	337,383
Total Revenues	1,722,481	337,383	2,059,864
EXPENDITURES:			
Instruction	211,469	163,420	374,889
Administration	857,415		857,415
Support Services	255,313	147,968	403,281
Capital Outlay	29,310	25,995	55,305
Total Expenditures	1,353,507	337,383	1,690,890
NET CHANGE IN FUND BALANCES	368,974	-	368,974
FUND BALANCE, JULY 1	-	-	-
FUND BALANCE, JUNE 30	\$ 368,974	\$ -	\$ 368,974

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures  
 And Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

Total net change in fund balances - governmental fund (from B-2)	\$ 368,974
Amounts reported for governmental activities in the statement of activities (A-2) which are different	-
Change in net position of governmental activities	\$ 368,974

The accompanying Notes to Basic Financial Statements are integral part of this statement.

***PROPRIETARY FUNDS***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Net Position  
 June 30, 2015  
*(Initial Year)*

<b>Business-Type Activities - Enterprise Funds</b>	<u>Food Service</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 3,036
Intergovernmental Accounts Receivable:	
Federal	6,473
State	<u>115</u>
<b>Total Assets</b>	<u><u>\$ 9,624</u></u>
<b>LIABILITIES AND NET POSITION:</b>	
Liabilities:	
Interfund Accounts Payable	\$ 3,036
Accounts Payable	<u>3,739</u>
<b>Total Current Liabilities</b>	<u>6,775</u>
Net Position:	
Unrestricted	<u>2,849</u>
<b>Total Net Position</b>	<u>2,849</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 9,624</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Net Position  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

<b>Business-Type Activities - Enterprise Funds</b>	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ -
Total Operating Revenues	<u>-</u>
OPERATING EXPENSES:	
Cost of Sales	<u>35,185</u>
Total Operating Expenses	<u>35,185</u>
OPERATING LOSS	<u>(35,185)</u>
NONOPERATING REVENUES:	
State Source:	
State School Lunch Programs	527
Federal Source:	
National School Breakfast and Lunch Programs	<u>29,556</u>
Total Nonoperating Revenues	<u>30,083</u>
CHANGE IN NET ASSETS BEFORE OTHER FINANCING SOURCES	<u>(5,102)</u>
OTHER FINANCING SOURCES:	
Board Contribution	<u>7,951</u>
Total Other Financing Sources	<u>7,951</u>
CHANGE IN NET POSITION	2,849
TOTAL NET POSITION, JULY 1	<u>-</u>
TOTAL NET POSITION, JUNE 30	<u><u>\$ 2,849</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

<b>Business-Type Activities - Enterprise Funds</b>	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ (6,588)
Cash Payments to Suppliers and Employees	<u>(28,410)</u>
Net Cash Used In Operating Activities	<u>(34,998)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	30,083
Board Contributions	<u>7,951</u>
Net Cash Provided By Noncapital Financing Activities	<u>38,034</u>
Net Increase In Cash And Cash Equivalents	3,036
Cash And Cash Equivalents, Beginning Of Year	<u>-</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 3,036</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating Loss Used in Operating Activities	\$ (35,185)
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(6,588)
Increase In Interfund Payable	3,036
Increase In Accounts Payable	<u>3,739</u>
Net Cash Used In Operating Activities	<u><u>\$ (34,998)</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

***FIDUCIARY FUNDS***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015  
*(Initial Year)*

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	<u>\$ 48,955</u>
Total Assets	<u><u>\$ 48,955</u></u>
<b>LIABILITIES:</b>	
Interfund Payable	\$ 48,707
Due to Student Groups	<u>248</u>
Total Liabilities	<u><u>\$ 48,955</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

***NOTES TO THE FINANCIAL STATEMENTS***

# TRENTON STEM-TO-CIVICS CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2015

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trenton STEM-to-Civics Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

### **A. Reporting Entity**

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters.

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees' exercises operating control.

### **B. Basis of Presentation**

The Charter School's basic financial statements consist of Charter School-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Charter School-wide Statements:* The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Business segment is self-financing or draws from the general revenues of the Charter School. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

*Fund Financial Statements:* During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not applicable.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The Charter School reports the following proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

**C. Basis of Accounting – Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements:* The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting – Measurement Focus (Continued)**

absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 344,976
Adjustments:	
Less Encumbrances at June 30, 2015	<u>(7,593)</u>
Total Revenues and Expenditures (GAAP Basis)	<u><u>\$ 337,383</u></u>

**E. Encumbrances Accounting**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Assets, Liabilities, and Equity**

**Interfund Transactions:**

Transfers between governmental and business-type activities on the Charter School – wide statements are reported in the same manner as general revenues.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Interfund Transactions (Continued):

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Capital Assets (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School – wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances in accordance with N.J.S.A. 18:7.

Revenues — Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

**Deposits**

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the Charter School.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	\$ 273,231	\$ 3,036	\$ 48,957	\$ 325,224

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$325,224 and the bank balance was \$327,724. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Risk Category**

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2015, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2015, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015 consisted of accounts, intergovernmental grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follow:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 23,232	\$ 23,347
Federal Aid	40,349	46,822
Other	-	-
Gross Receivables	<u>63,581</u>	<u>70,169</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 63,581</u>	<u>\$ 70,169</u>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 92,094	\$ -
Special Revenue Fund		40,349
Proprietary Fund		3,036
Fiduciary Fund		48,709
Total	<u>\$ 92,094</u>	<u>\$ 92,094</u>

**NOTE 5: CAPITAL ASSETS**

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the Charter School-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance-total governmental funds is made to reflect the carrying value of the Charter School's capital assets at year-end in the Charter School-wide financial statements.

For the fiscal year ended June 30, 2015, there were no capital asset activity.

**NOTE 6: RENTAL LEASE**

During school year 2014-2015, the Charter School leased the school facilities of St. Mary's Greek Catholic Church at 202 Grant Street, Trenton, New Jersey for a period of one (1) year commencing September 1, 2014 and ending August 30, 2015. The annual rent is \$154,000 with an option to renew for another year.

In June 2015, the Charter School signed a lease agreement with Incarnation-St. James Catholic Church to rent its school facilities at 1555 Pennington Road, Ewing, New Jersey for a period of four (4) years commencing September 1, 2015 and ending August 31, 2019. The total rent is \$1,170,000 which shall accrue at the yearly rate of (Year 1) \$180,000, (Year 2) \$270,000, and (Years 3-4) \$360,000 payable in equal

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 6: RENTAL LEASE (CONTINUED)**

monthly installments of (Year 1) \$18,000, (Year 2) \$27,000, and (Years 3-4) \$36,000. The lease has the option to renew for another five (5) years.

Total lease payments for the year ended June 30, 2015 amounted to \$154,000.

The future minimum rental payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 180,000
2017	270,000
2018	360,000
2019	<u>360,000</u>
Total future minimum rental lease payments	<u>\$ 1,170,000</u>

**NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASE**

On August 2014, the Charter School leased a copier machine for 39 months with monthly payments in the amount of \$317. The future minimum rental payments on the equipment lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 3,804
2017	3,804
2018	<u>1,585</u>
Total future minimum rental lease payments	<u>\$ 9,193</u>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS**

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

**A. Public Employees' Retirement System (PERS)**

**Plan Description**

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Descriptions</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**Benefits Provided (Continued)**

members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. There were no contributions to PERS for fiscal year 2015 by the Charter School.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, there was no liability reported by the Charter School for its proportionate share of the net pension liability.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 01, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuations as of July 01, 2013. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

**B. Teacher's Pension Annuity Fund (TPAF)**

**Pension Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Benefit Provided**

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

<b>Tier</b>	<b>Descriptions</b>
<b>1</b>	Members who were enrolled prior to July 1, 2007
<b>2</b>	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
<b>3</b>	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
<b>4</b>	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
<b>5</b>	Members who were eligible to enroll on or after June 28, 2011

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Contributions**

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2015, the State of New Jersey did not make any contributions to the TPAF for normal pension benefits on behalf of the Charter School.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As June 30, 2015, there was no liability reported by the State for its proportionate share of the net pension liability associated with the Charter School.



**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense excluding that attributable to employer-paid member contributions as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (130,688,498)
2016	(130,688,498)
2017	(130,688,498)
2018	(130,688,496)
2019	304,620,646
Thereafter	<u>761,551,612</u>
	<u>\$ 543,418,268</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 01, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 01, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2014 is summarized in the following table:

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**Discount Rate – TPAF**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and June 30, 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and June 30, 2013, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Discount Rate – TPAF (Continued)**

the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

**Pension Plan Fiduciary Net Position – TPAF**

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

**C. Defined Contribution Retirement Program (DCRP)**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 8: PENSION PLANS (CONTINUED)**

**Defined Contribution Retirement Program (DCRP) (Continued)**

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, there was no pension expense recognized by the Charter School for the fiscal year ended June 30, 2015. There were no employee contributions to DCRP for the fiscal year ended June 30, 2015.

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Notes to the Financial Statements

June 30, 2015

**NOTE 10: RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance**

The charter school maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund**

The General Fund balance at June 30, 2015 is \$368,974 and is unreserved and undesignated.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2015  
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 1,196,088	\$ (1,028,957)	\$ 167,131	\$ 167,131	\$ -
Total Local Sources	1,196,088	(1,028,957)	167,131	167,131	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid		1,384,387	1,384,387	1,384,387	-
Non-Public Aid - State Share		27,229	27,229	27,229	-
Special Education	116,384	(85,864)	30,520	30,520	-
Security Aid		41,323	41,323	41,323	-
Total Categorical Aid	116,384	1,367,075	1,483,459	1,483,459	-
Other Sources:					
Donations and Contributions				700	700
Miscellaneous Revenue				24,232	24,232
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				46,959	46,959
Total Other Sources	-	-	-	71,891	71,891
Total Revenues	1,312,472	338,118	1,650,590	1,722,481	71,891
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	473,000	(169,179)	303,821	157,586	146,235
Other Salaries for Instruction	24,000	(24,000)	-	-	-
Purchased Prof/Tech Services	5,000	5,327	10,327	3,457	6,870
Other Purchased Services		11,622	11,622	3,851	7,771
General Supplies	77,600	(39,896)	37,704	24,654	13,050
Textbooks	22,000	88,136	110,136	10,603	99,533
Miscellaneous	5,000	9,715	14,715	11,318	3,397
Total Instruction	606,600	(118,275)	488,325	211,469	276,856
Administration:					
Salaries - General Administration	135,000	29,206	164,206	164,206	-
Salaries of Other Professional Staff	70,280	177,021	247,301	247,301	-
Salaries of Secretarial/Clerical Assistants	64,560	(61,866)	2,694	-	2,694
Total Benefits Cost	116,398	112,898	229,296	229,296	-
Purchases Prof/Tech Services	62,270	54,136	116,406	108,914	7,492
Other Purchased Services	34,700	4,180	38,880	29,925	8,955
Communications/Telephone	5,500	21,145	26,645	18,596	8,049
Supplies and Materials	5,500	10,108	15,608	12,218	3,390
Miscellaneous Expenses	500	(500)	-	-	-
Total Administration	494,708	346,328	841,036	810,456	30,580

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
For The Fiscal Year Ended June 30, 2015  
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 154,000	\$ -	\$ 154,000	\$ 154,000	\$ -
Transportation-Other Than To/From School	9,000	12,777	21,777	21,755	22
Insurance for Property, Liability and Fidelity	6,000	42,246	48,246	47,168	1,078
Supplies and Materials	5,000	8,622	13,622	10,777	2,845
Energy Costs (Heat and Electricity)	6,000	15,613	21,613	21,613	-
<b>Total Support Services</b>	<b>180,000</b>	<b>79,258</b>	<b>259,258</b>	<b>255,313</b>	<b>3,945</b>
Capital Outlay:					
Instructional Equipment		25,910	25,910	24,910	1,000
Non-Instructional Equipment		4,400	4,400	4,400	-
Miscellaneous Expenses	500	(374)	126		126
<b>Total Capital Outlay</b>	<b>500</b>	<b>29,936</b>	<b>30,436</b>	<b>29,310</b>	<b>1,126</b>
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				46,959	(46,959)
<b>Total Expenditures</b>	<b>1,281,808</b>	<b>337,247</b>	<b>1,619,055</b>	<b>1,353,507</b>	<b>265,548</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,664	871	31,535	368,974	337,439
<b>FUND BALANCE, JULY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 30,664</b>	<b>\$ 871</b>	<b>\$ 31,535</b>	<b>\$ 368,974</b>	<b>\$ 337,439</b>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	\$ 30,664	\$ 871	\$ 31,535	\$ 368,974	\$ 337,439
<b>Total</b>	<b>\$ 30,664</b>	<b>\$ 871</b>	<b>\$ 31,535</b>	<b>\$ 368,974</b>	<b>\$ 337,439</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Federal	\$ 421,372	\$ -	\$ 421,372	\$ 344,976	\$ (76,396)
<b>Total Revenues</b>	<b>421,372</b>	<b>-</b>	<b>421,372</b>	<b>344,976</b>	<b>(76,396)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	68,045	(8)	68,037	27,480	40,557
Purchased Prof/Tech Services	19,602	398	20,000	12,577	7,423
Other Purchased Services	18,700		18,700	18,700	-
General Supplies	106,491		106,491	106,491	-
<b>Total Instruction</b>	<b>212,838</b>	<b>390</b>	<b>213,228</b>	<b>165,248</b>	<b>47,980</b>
Support Services:					
Salaries	21,000		21,000	21,000	-
Personal Services - Employee Benefits	40,414		40,414	34,614	5,800
Other Purchased Prof/Tech Services	73,228	(772)	72,456	55,790	16,666
Purchased Property Services	10,898	18,892	29,790	29,790	-
Travel	63	(63)	-		-
Miscellaneous (Other) Purchased Services	150		150	150	-
Supplies and Materials	35,161	(16,822)	18,339	12,389	5,950
<b>Total Support Services</b>	<b>180,914</b>	<b>1,235</b>	<b>182,149</b>	<b>153,733</b>	<b>28,416</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment	27,620	(1,625)	25,995	25,995	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>27,620</b>	<b>(1,625)</b>	<b>25,995</b>	<b>25,995</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2015

*(Initial Year)*

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 1,722,481	[C-2] \$ 344,976
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		<u>(7,593)</u>
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>1,722,481</u>	[B-2] \$ <u>337,383</u>
<b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,353,507	[C-2] \$ 344,976
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		<u>(7,593)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>1,353,507</u>	[B-2] \$ <u>337,383</u>

***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

*The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.*

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2015

(Initial Year)

E-1

	NCLB Title I	I.D.E.A. Part B Basic	NCLB Title II Part A	Start-Up Grant	Charter Implementation Grant	Grand Total
<b>REVENUE SOURCES:</b>						
Federal	\$ 30,237	\$ 19,234	\$ 695	\$ 149,847	\$ 144,963	\$ 344,976
Total Revenues	30,237	19,234	695	149,847	144,963	344,976
<b>EXPENDITURES:</b>						
Instruction:						
Salaries	9,488	14,000		3,992		27,480
Purchased Prof/Tech Services					12,577	12,577
Other Purchased Services					18,700	18,700
General Supplies	6,199	1,594		19,408	79,290	106,491
Total Instruction	15,687	15,594	-	23,400	110,567	165,248
Support Services:						
Salaries	5,000				16,000	21,000
Personal Services - Employee Benefits	5,750	3,640		24,000	1,224	34,614
Other Purchased Prof/Tech Services	3,800		695	34,623	16,672	55,790
Purchased Property Services				29,290	500	29,790
Miscellaneous (Other) Purchased Services				150		150
Supplies and Materials				12,389		12,389
Total Support Services	14,550	3,640	695	100,452	34,396	153,733
Facilities Acquisition and Construction Services:						
Instructional Equipment				25,995		25,995
Total Facilities Acquisition and Construction Services	-	-	-	25,995	-	25,995
Total Expenditures	30,237	19,234	695	149,847	144,963	344,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS  
DETAIL STATEMENTS**

*Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the charter school’s board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – This fund provides for the operation of food services in all schools within the Charter School.*

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND  
B-6.**

**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENTS**

***Fiduciary Funds are used to account for funds received by the school for a specific purpose.***

***Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deduction from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.***

***Agency Funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds.***

***Student Activity Fund – This agency fund is used to account for student funds held at the schools.***

***Payroll Fund – this agency fund is used to account for payroll transactions of the Charter School.***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Trust and Agency Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2015  
(Initial Year)

	Payroll Agency	Net Payroll	Student Activities	Total Agency Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 29,157	\$ 16,037	\$ 3,763	\$ 48,957
<b>Total Assets</b>	<b>\$ 29,157</b>	<b>\$ 16,037</b>	<b>\$ 3,763</b>	<b>\$ 48,957</b>
<b>LIABILITIES:</b>				
Interfund Payable	\$ 29,157	\$ 16,037	\$ 3,515	\$ 48,709
Due to Student Groups			248	248
<b>Total Liabilities</b>	<b>\$ 29,157</b>	<b>\$ 16,037</b>	<b>\$ 3,763</b>	<b>\$ 48,957</b>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Fiduciary Funds  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Groups	\$ -	\$ 5,123	\$ 1,360	\$ 3,763
Total	<u>\$ -</u>	<u>\$ 5,123</u>	<u>\$ 1,360</u>	<u>\$ 3,763</u>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll and Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015  
*(Initial Year)*

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
LIABILITIES:				
Interfund Payable	\$ -	\$ 82,845	\$ 53,688	\$ 29,157
Payroll Deductions and Withholdings	-	302,908	302,908	-
Total Liabilities	<u>\$ -</u>	<u>\$ 385,753</u>	<u>\$ 356,596</u>	<u>\$ 29,157</u>

**STATISTICAL SECTION**

**(UNAUDITED)**

***Trenton STEM-to-Civics Charter School has been in operation for one (1) year. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for one (1) year is available and has been presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.***

## **Contents**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

### **Revenue Capacity (Not Applicable To Charter School)**

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the Charter School provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2015; schedules presenting charter school-wide information include information beginning in that year.*

***FINANCIAL TRENDS***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Net Position by Component  
 Fiscal Year Ending June 30, 2015  
*(accrual basis of accounting)*  
 Unaudited  
*(Initial Year)*

Governmental Activities	
Restricted	\$ -
Unrestricted	<u>368,974</u>
Total Governmental Activities Net Position	<u><u>\$ 368,974</u></u>
Business-Type Activities	
Restricted	\$ -
Unrestricted	<u>2,849</u>
Total Business-Type Activities Net Position	<u><u>\$ 2,849</u></u>
Charter School-wide	
Restricted	\$ -
Unrestricted	<u>371,823</u>
Total Charter School-wide Net Position	<u><u>\$ 371,823</u></u>

**Source: Comprehensive Annual Financial Report**

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Changes in Net Position  
 Fiscal Year Ending June 30, 2015  
*(accrual basis of accounting)*  
 Unaudited  
*(Initial Year)*

**Expenses**

Governmental Activities:	
Instruction	\$ 451,386
Administration	780,918
Support Services	403,281
Capital Outlay	<u>55,305</u>
Total Governmental Activities Expenses	<u>1,690,890</u>
Business-Type Activities:	
Food Service	<u>35,185</u>
Total Business-Type Activities Expenses	<u>35,185</u>
Total Charter School Expenses	<u>\$ 1,726,075</u>

**Program Revenues**

Governmental Activities:	
Charges for Services	\$ -
Operating Grants and Contributions	30,520
Capital Grants and Contributions	<u>-</u>
Total Governmental Activities Revenues	<u>30,520</u>
Business-Type Activities:	
Charges for Services	-
Operating Grants and Contributions	30,083
Capital Grants and Contributions	<u>-</u>
Total Business-Type Activities Revenues	<u>30,083</u>
Total Charter School Program Revenues	<u>\$ 60,603</u>

**Net (Expense)/Revenue**

Governmental Activities	\$ (1,660,370)
Business-Type Activities	<u>(5,102)</u>
Total Charter School-wide Net Expense	<u>\$ (1,665,472)</u>

**General Revenues and Other Changes in Net Position**

Governmental Activities:	
General Purposes	\$ 167,131
Federal and State Aid Not Restricted	1,837,281
Miscellaneous Income	<u>24,932</u>
Total Governmental Activities	<u>2,029,344</u>
Business-Type Activities:	
Miscellaneous Income	<u>7,951</u>
Total Business-Type Activities	<u>7,951</u>
Total Charter School-wide	<u>\$ 2,037,295</u>

**Change in Net Position**

Governmental Activities	\$ 368,974
Business-Type Activities	<u>2,849</u>
Total Charter School	<u>\$ 371,823</u>

Source: Comprehensive Annual Financial Report

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Fund Balances - Governmental Funds

Fiscal Year Ending June 30, 2015

*(modified accrual basis of accounting)*

Unaudited

*(Initial Year)*

General Fund	
Restricted	\$ -
Unassigned	<u>368,974</u>
Total General Fund	<u><u>\$ 368,974</u></u>

**Source: Comprehensive Annual Financial Report**

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Changes in Fund Balances - Governmental Funds

Fiscal Year Ending June 30, 2015

*(modified accrual basis of accounting)*

Unaudited

*(Initial Year)***Revenues:**

Local Sources:	
Local Tax Levy	\$ 167,131
Miscellaneous	24,932
State Sources	1,530,418
Federal Sources	337,383
Total Revenues	<u>2,059,864</u>

**Expenditures:**

Instruction	374,889
Administration	857,415
Support Services	403,281
Capital Outlay	55,305
Total Expenditures	<u>1,690,890</u>

Net Change in Fund Balance	<u>\$ 368,974</u>
----------------------------	-------------------

**Source: Comprehensive Annual Financial Report**

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 General Fund - Other Local Revenue by Source  
 Initial Fiscal Year  
*(modified accrual basis of accounting)*  
 Unaudited

Fiscal Year Ending June 30,	Donations and Contributions	Miscellaneous Revenue	Annual Total
2015	\$ 700	\$ 24,232	\$ 24,932

Source: Charter School records

***OPERATING INFORMATION***

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Full-Time Equivalent Charter School Employees by Function  
June 30, 2015  
(Initial Year)

Function	2015
Instruction	7
Administrative	1
Support Services	<u>2</u>
Total	<u><u>10</u></u>

**Source:** Charter School Personnel Records

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

Operating Statistics  
 June 30, 2015  
 (Initial Year)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio HighSchool	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2015	100	\$ 1,635,585	\$ 16,356	0.00%	10	10:1	100	100	0.00%	100.00%

**Sources:** Charter School records

**Note:** Enrollment based on annual October Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**

School Building Information

June 30, 2015

*(Initial Year)*

2015

**Charter School Building**

High School

202 Grand Street

Square Feet

24480

Capacity (students)

150

Enrollment

100

Number of Schools at June 30, 2015

Senior High School = 1

**Source:** Charter School Facilities Office

Note: Increases in square footage and capacity are the result of and additions.  
Enrollment is based on the annual October Charter School count.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Insurance Schedule  
 June 30, 2015  
 (Initial Year)

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<b>Property</b> <b>Scottsdale Insurance Company</b> CPS2000404 04/25/14-15 \$18,975.00	Covered Location 202 Grand Street, Trenton, NJ 08611  \$ 3,000,000	Building Limit - Special (excluding theft) w/ \$5,000 Deductible Business Personal Property - Special (excluding theft) with \$1,000 Deductible EDP - Computers w/ \$500 Deductible
<b>General Liability</b> <b>Western World Insurance Company</b> NPP8171820 4/25/14-15 \$4,657.25 (Based on 100 Students)	2,000,000 1,000,000 2,000,000 100,000 300,000 1,000,000 5,000 100,000	General Aggregate Limit Each Occurrence Limit w/ \$250 Deductible Products/Completed Operations Aggregate Limit w/ \$250 Deductible Sexual Abuse per Occurrence Sexual Abuse per Aggregate Personal Injury / Advertising Injury Medical Expense Limit Damage to Premises Rented to You
<b>Student Accident</b> <b>Berkley Life &amp; Health Insurance Co</b> 8IS L404907282 001 09/01/14-15 \$850.00	1,000,000 10,000	Accident Medical Excess Benefit (Gold Plan) Each Death and Dismemberment Benefits
<b>Worker's Compensation</b> <b>Rochdale Insurance Company</b> RWC3344017 09/08/14-15 Based on School Professional \$568,000	1,000,000 1,000,000 1,000,000	Each Accident Each Employee Policy Limit
<b>Educators E&amp;O / EPLI</b> <b>Darwin National Assurance Company</b> 0202-4961 05/20/14-15  \$2,270.25	1,000,000 1,000,000 1,000,000 50,000  100,000	Educators Errors & Omissions with \$2,500 Deductible Employment Practices Liability Limit w/ \$5,000 Deductible Policy Aggregate Supplementary Payments w/ \$2,500 Deductible Limit of Liability for all Defense Expenses from each claim Supplementary Payments Aggregate w/ \$2,500 Deductible Limit of Liability for all Defense Expenses from each claim

Source: Charter School's Records

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
 Charter School Performance Framework Financial Indicators  
 Fiscal Ratios  
 Initial Fiscal Year

	2015	Source
Cash	276,267	Audit: Exhibit A-1
<b>Current Assets (includes CASH)</b>	<b>438,530</b>	Audit: Exhibit A-1
Total Assets	438,530	Audit: Exhibit A-1
Current Liabilities	66,707	Audit: Exhibit A-1
Total Liabilities	66,707	Audit: Exhibit A-1
Net Assets	371,823	Audit: Exhibit A-1
Total Revenue	2,097,898	Audit: Exhibit A-2
Total Expenses	1,726,075	Audit: Exhibit A-2
Change in Net Assets	371,823	Audit: Exhibit A-2
Depreciation Expense	-	Financial Statements/Audit Workpapers
Interest Expense	-	Financial Statements/Audit Workpapers
Principal Payments	-	Financial Statements/Audit Workpapers
Interest Payments	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	100.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	100	Charter School Budget

	2015	3 YR CUM	Target
<b>Near Term Indicators</b>			
1a. Current Ratio	6.57		> 1.1
1b. Unrestricted Days Cash	58.42		30-60
1c. Enrollment Variance	100%		>95%
1d.* Default	N/A		not in default
<b>Sustainability Indicators</b>			
2a. Total Margin	18%		positive
2b. Debt to Asset	0.15		<.9
2c.** Cash Flow	276,267		3 yr cum positive
2d. Debt Service Coverage Ratio	N/A		>1.10

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No  
 \*\* 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash; 2013 = 2013 Cash - 2012 Cash

Refer questions to

***SINGLE AUDIT SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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*Union, New Jersey 07083*

*(908) 686-3484*

*FAX – (908) 686-6055*

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Honorable President and  
Members of the Board of Trustees  
Trenton STEM-to-Civics Charter School  
County of Mercer  
Ewing Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trenton STEM-to-Civics Charter School (Charter School), in the County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 25, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

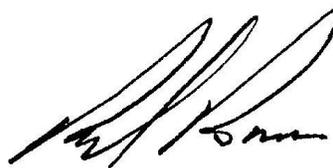
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We also noted other matters that we reported to the Board of Trustees of the Trenton STEM-to-Civics Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 25, 2015.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

November 25, 2015

**BARRE & COMPANY**  
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**Independent Auditor’s Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by New Jersey OMB  
Circulars 04-04 and/or 15-08**

Honorable President and  
Members of the Board of Trustees  
Trenton STEM-to-Civics Charter School  
County of Mercer  
Ewing Township, New Jersey

***Report on Compliance for Each Major State Program***

We have audited the compliance of the Trenton STEM-to-Civics Charter School (Charter School), in the County of Mercer, State of New Jersey, with the types of compliance requirements described in the *New Jersey OMB Circular(s) 04-04 and/or 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015. The Charter School’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to

obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Trenton STEM-to-Civics Charter School, in the County of Mercer, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of Trenton STEM-to-Civics Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements New Jersey OMB's Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB's Circulars 04-04 and 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trenton STEM-to-Civics Charter School, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 25, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by the New Jersey OMB's Circulars 04-04 and 15-08 are presented for purposed of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and related directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

November 25, 2015

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015  
(Initial Year)

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2015 Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
No Child Left Behind Cluster:													
Title I Part A	84.010A	NCLB - 6183 - 15	\$ 76,594	7/1/14	6/30/15	-	\$ 28,409	\$ (30,237)	\$ -	\$ -	\$ (1,828)	\$ -	\$ -
Title II Part A	84.367A	NCLB - 6183 - 15	695	7/1/14	6/30/15	-	695	(695)	-	-	-	-	-
Total No Child Left Behind Cluster							29,104	(30,932)	-	-	(1,828)	-	-
Individuals with Disabilities Cluster:													
I.D.E.A. Part B Basic:													
Total Individuals with Disabilities Cluster	84.027	IDEA - 6183 - 15	19,234	7/1/14	6/30/15	-	19,234	(19,234)	-	-	-	-	-
Other Special Revenue Funds:													
Charter Schools Program (Charter Planning)	84.282	N/A	149,847	1/15/14	9/15/14	-	149,847	(149,847)	-	-	-	-	-
Charter Schools Program (Charter Implementation)	84.282	N/A	175,000	11/1/14	2/28/16	-	106,442	(144,963)	-	-	(38,521)	-	-
Total Other Special Revenue Funds							256,289	(294,810)	-	-	(38,521)	-	-
Total Special Revenue Fund							304,627	(344,976)	-	-	(40,349)	-	-
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Agriculture</b>													
Enterprise Fund:													
School Breakfast Program	10.553	N/A	1,590	7/1/14	6/30/15	-	1,319	(1,590)	-	-	(271)	-	-
National School Lunch Program	10.555	N/A	27,966	7/1/14	6/30/15	-	21,764	(27,966)	-	-	(6,202)	-	-
Total Enterprise Fund							23,083	(29,556)	-	-	(6,473)	-	-
Sub-Total Federal Financial Awards							\$ 327,710	\$ (374,532)	\$ -	\$ -	\$ (46,822)	\$ -	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2015  
(Initial Year)

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2015		MEMO	
			From	To	Due to Grantor	Deferred Reversal/ Interfund Payable					Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
<b>State Department of Education</b>														
General Fund:														
"Local Levy" State Share - Charter School Aid	15-495-034-5120-071	\$ 1,384,387	7/1/14	6/30/15	\$ -	\$ -	\$ 1,384,387	\$ (1,384,387)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,384,387
Special Education Aid	15-495-034-5120-089	30,520	7/1/14	6/30/15	-	-	30,520	(30,520)	-	-	-	-	-	30,520
Security Aid	15-495-034-5120-084	41,323	7/1/14	6/30/15	-	-	41,323	(41,323)	-	-	-	-	-	41,323
Nonpublic Aid	15-100-034-5066-042	27,229	7/1/14	6/30/15	-	-	27,229	(27,229)	-	-	-	-	-	27,229
Reimbursed TPAF - Social Security	15-495-034-5094-003	46,959	7/1/14	6/30/15	-	-	23,727	(46,959)	-	(23,232)	-	-	23,232	46,959
Total General Fund							1,507,166	(1,530,418)					23,232	1,530,418
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Program (State Share)	15-100-010-3360-023	527	7/1/14	6/30/15	-	-	412	(527)	-	(115)	-	-	115	527
Total Enterprise Fund							412	(527)		(115)			115	527
Total State Financial Assistance							\$ 1,507,598	\$ (1,530,945)		\$ (23,347)		\$ -	\$ 23,347	\$ 1,530,945

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2015

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**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Trenton STEM-to-Civics Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as Charter Schools are not permitted to defer the June payments to charter schools.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2015

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**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and \$7,593 for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,530,418	\$ 1,530,418
Special Revenue Fund	337,383	-	337,383
Food Service Fund	29,556	527	30,083
Total Awards & Financial Assistance	<u>\$ 366,939</u>	<u>\$ 1,530,945</u>	<u>\$ 1,897,884</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Trenton STEM-to-Civics Charter School has no loan balances outstanding at June 30, 2015.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2015

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**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 30,237
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>695</u>
Total	<u><u>\$ 30,932</u></u>

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

**State Awards**

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	_____ Yes	__X__ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	__X__ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>15-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section II – Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13. 15 and 13, 35.

**Finding**

There were no matters reported.

**TRENTON STEM-TO-CIVICS CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section III –State Financial Assistance  
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJOMB Circular Letters 04-04 and 15-08.

**STATE AWARDS**

**Findings**

There were no matters reported.